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Cayman Islands

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I. General

1. The Cayman Islands is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles). The capital, George Town, is located on Grand Cayman.

2. According to the Economics and Statistics Office of the Cayman Islands, the population of the Territory increased from 53,172 in 2006 to 53,886 in 2007, with an estimated annual growth rate of 1.3 per cent.[1] The population is about 60 per cent Caymanian and 40 per cent non-Caymanian.[2]

3. The British Overseas Territories Act, which came into force in 2002, grants the right to full British citizenship to all inhabitants of the Territories and formally abolished the term "colony" and "dependent territory" in favour of "Overseas Territory". That law allows Cayman Islanders to hold British passports and work anywhere in the European Union.

II. Constitutional, legal and political issues

4. The official name of the current constitution of the Cayman Islands is the "Caribbean and North Atlantic Territories, The Cayman Islands (Constitution) Order 1972", which was amended seven times, in 1984, 1987, 1992, 1993, 2003 and twice in 2004.[3] Under the Constitution, the Governor, who is appointed for four years by the British monarch, is responsible for external affairs, defence, internal security and the public service. The current Governor, Stuart Jack, assumed his duties in the Cayman Islands on 25 November 2005.

5. As a result of recommendations produced by the Constitutional Review Commission appointed by the Governor in 2001, a number of changes were subsequently made to the Territory's political structure. Under Statutory Instrument 2003 No. 1515, which amended the Constitution that year, the Executive Council became the Cabinet, headed by the Governor, and the offices of Leader of Government Business heading the territorial Government and Leader of the Opposition in the Legislative Assembly were established. The Cabinet is responsible for the administration of government. The Governor appoints the Leader of Government Business and the Leader of the Opposition, and presides over the Cabinet. The Cabinet comprises three members appointed by the Governor, called the Official Members (Chief Secretary, Attorney General and Financial Secretary) and five members elected by the Legislative Assembly, called Ministers. Moreover, the British monarch (with the advice of Her Privy Council) as well as the Governor (with the advice and consent of the Legislative Assembly) has the power to make laws for the peace, order and good government of the Islands.[3]

Note: The information contained in the present paper has been derived from published sources, including those of the territorial Government; and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[1] Information received from the administering Power, 9 January 2008.

[2] See the Cayman Islands' Labour Force Survey, 2007, p. 12, at www.eso.ky.

[3] www.constitution.gov.ky.

6. The Legislative Assembly comprises three official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Under the Constitution, at the first meeting of the Legislative Assembly, the elected members are required to elect a Speaker from among their own elected group, or from persons qualified to be elected members of the Legislative Assembly other than Ministers.[3]

7. Justice in the Cayman Islands is administered at three levels — in the Summary Court (including the Youth Court), the Grand Court and the Court of Appeal. The Summary Court has a civil and criminal jurisdiction. Appeals from the Summary Court lie to the Grand Court. The Grand Court is a superior court of record and administers the common law and the law of equity of England, as well as locally enacted laws and applied laws. Appeals from the Grand Court lie to the Cayman Islands Court of Appeal, composed of a president and not less than two judges of appeal. A judge of the Grand Court may exercise any of the powers of a single judge of the Court of Appeal. Further appeal lies, in certain circumstances, to the Judicial Committee of the Privy Council in London.[4]

8. Until 2000, there were no formal political parties in the Territory and groupings known as the National Team, the Democratic Alliance and Team Cayman acted as political organizations. Following the defeat of the National Team in the 2000 general elections, a majority of the Legislative Assembly members formed a political party, the United Democratic Party (UDP), on 5 November 2001. In 2002, the opposition formed a second party, the People's Progressive Movement (PPM) and in February 2005, the People's Democratic Alliance (PDA) was formed.

9. A general election was held on 11 May 2005. PPM won an unprecedented landslide victory over the incumbent UDP, winning 9 of the 15 seats in the Legislative Assembly. UDP won five seats, and the newly formed PDA secured one seat. As a result, Kurt Tibbetts of PPM replaced McKeeva Bush of UDP as the Leader of Government Business. The next general election is due to be held in 2009.

10. As previously reported (see A/AC.109/2006/16 and A/AC.109/2007/2), progress in constitutional reform efforts was slow in the early 2000s and focused on electoral matters. In 2005, the Leader of Government Business announced the Territory's readiness to resume discussions with the United Kingdom, and formal talks between the territorial Government and the United Kingdom recommenced in March 2006. A delegation from the British Foreign and Commonwealth Office made an exploratory visit to the Territory and suggested multiple changes to the draft Constitution that had been under discussion since 2003, particularly to the section on the bill of rights.[3] As part of the current constitutional review exercise, a constitutional bill of rights, based on international conventions, is under discussion.[5]

11. In February 2007, the Leader of Government Business announced the establishment of a new secretariat to make a fresh start on the constitutional review process in the Cayman Islands. The Constitutional Review Secretariat began work in March 2007 to generate support for the constitutional review process and to raise public awareness of the matter.[6] In his 2007 Throne speech, the Governor said that it

[4] See www.gov.ky.

[5] www.caymannetnews.com/news-9461--8-8---.html, 21 August 2008; and www.constitution.gov.ky.

[6] Information provided by the administering Power, 9 January 2008; and www.caribbeannetnews.com, 20 February 2007.

was vital that the people of the Cayman Islands were properly consulted in the process, including through referendum mechanisms. That would provide the mandate that would serve as a basis for negotiations between the territorial Government and the United Kingdom.[7]

12. Adopting a phased approach, the Territory has embarked on a review exercise, called the "Constitution modernization initiative", with the support of the Constitutional Review Secretariat. The Initiative comprises a four-part programme: (a) research to identify viable areas of constitutional reform and publication of a public discussion paper; (b) consultation and public education on constitutional issues raised in that paper; (c) a national referendum on constitutional reform; and (d) negotiations between the Cayman Islands and the United Kingdom on the modernization of the Cayman Islands Constitution.[8]

13. At the beginning of 2008, the modernization exercise entered its second phase. On 12 January 2008, the territorial Government issued a publication entitled "The Cayman Islands' Constitution: a reflection of who we are — summary of proposals" to facilitate public consultation. In the introduction to the "summary of proposals",[3] the territorial Government expressed its belief that there was no desire in the country to seek independence, and stated that the aim of the current constitutional review exercise was to improve the relationship with the United Kingdom and to make the Territory's internal government more democratic, efficient and accountable.

14. A referendum on the constitutional proposals, which was initially slated for May 2008 in order to give the territorial Government a brief for its negotiations with the administering Power on a new constitution and subsequently for July 2008, has been postponed until 2009.[9] According to the Leader of Government Business in June 2008, issues that led to the cancellation of the July referendum included: more time to consider constitutional modernization; concerns about the bill of rights for local culture; a wish to await the draft constitutional document that would result from the ongoing constitutional negotiations with the United Kingdom; poor timing for a July poll because of summer holidays, raising concerns about a low turnout and an unrepresentative result; and a view that the referendum might be better timed to coincide with the general elections scheduled for May 2009.

15. The first round of negotiations between the Governments of the Cayman Islands and the United Kingdom took place in September 2008. The Cayman Islands delegation included representatives from the elected Government, the official Opposition, the Chamber of Commerce, the Human Rights Committee, the Cayman Ministers Association and the Cayman Islands Conference of Seventh Day Adventists.

16. On the conclusion of the first round of negotiations, Kurt Tibbetts, the Leader of Government Business, reported "significant headway on a number of key issues". He added that he was "increasingly optimistic that ... we will end up with a document that the vast majority of the people of Cayman can support ... The

[7] Information provided by the administering Power, 9 January 2008; Throne speech delivered by Governor Stuart Jack on Friday, 27 April 2007, at www.gov.ky.

[8] www.constitution.gov.ky, 3 July 2007.

[9] United Kingdom Parliament, House of Commons, Foreign Affairs Committee, www.publications.parliament.uk, 6 July 2008.

proposals on the table are the same revised proposals which Government published and circulated nationally in May for public scrutiny, consideration and comment. Indeed they can be called the people's proposals". He also added that "Caymanian society and the wider world have changed fundamentally since 1972 when the present Constitution was introduced. Our people have grown in maturity and self-confidence. Their needs with regard to participation in national governance have also changed".

17. He added that "against this backdrop, Government is seeking ... to redefine the constitutional relationship with the United Kingdom so that there is more shared responsibility for decision-making. Our relationship with the United Kingdom has evolved. We are no longer a colony in the historical meaning of the word. The relationship which exists today is more like a partnership. And partnerships do involve a sharing of responsibility".[1]

18. A further round of negotiations scheduled for late 2008 was postponed in the wake of Hurricane Paloma; negotiations resumed in January 2009, concluding in early February with the finalization of the new draft constitution on 10 February 2009. Commenting on the document, the Leader of Government Business told a Cabinet press briefing that

> "This new Constitution is good for the Cayman Islands. It gives the people what they have been asking for. It safeguards our heritage, upholds our cherished values, protects fundamental human rights, gives Caymanians a greater say in ordering our domestic affairs; and retains and strengthens our constitutional ties with the United Kingdom. It improves our system of governance and better equips us to deal with the challenges of the early twenty-first century. The new Constitution represents the best deal that could be reached at this time. Nobody got everything they wanted, including the Government. What we have is a new Constitution that satisfies the United Kingdom and also reflects a broad-based national consensus; a political agreement reached among the participants following a process of give and take which is characteristic of all negotiations."

Mr. Tibbets indicated that the Government's immediate priority would now be to ensure that the document was widely circulated and that a supporting public awareness and education campaign was put into motion before the May 2009 referendum.[10]

III. Budget

19. The principal sources of Government revenue are import duties; financial services, fees and stamp duties. According to the administering Power, in 2007 the fiscal performance of the Cayman Islands deteriorated as strong growth in expenditure outpaced the moderate increase in revenue. Total revenue grew by 2.5 per cent to reach CI$ 512.9 million, whereas total expenditure grew by 27.4 per cent, to total CI$ 552.0 million. This resulted in an overall fiscal deficit of CI$ 39.1 million or 1.8 per cent of the gross domestic product (GDP) as compared to a surplus of CI$ 67.3 million in 2006 or 3.3 per cent of the GDP. This sharp downturn

[10] www.gov.ky, press release of 16 February 2009.

in the overall balance came from a reduced current surplus to CI$ 77.4 million from CI$ 116.1 million in the previous year.

20. In the 2009/10 Strategic Policy Statement, setting out the parameters for preparing the budget for the financial year 2009/10, the territorial Government projected revised capital expenditures of CI$ 143.3 million for 2008/09, CI$ 135.0 million for 2009/10, CI$ 63.0 million for 2010/11 and CI$ 59.0 million for 2011/12. The expenditure programme includes, inter alia, investment in education, transport infrastructure, new Government offices, health and economic policy.[1]

21. Under the Territory's public management reform process, a new Public Service Management Law and Regulations came into effect in 2007. The law constitutes the second stage of reform efforts, after the Public Management and Finance Law of 2001. All of the approximately 3,500 civil servants are affected by the reform process, which has decentralized personnel management decisions and allows for performance-based assessments and incentives.

22. In its budget policy address of April 2008, the territorial Government expressed confidence that, in spite of the economic crisis, Cayman's finance and tourism industries would help sustain a strong economy. While the territorial Government had been forced to delay some major construction projects and cover some major operating losses within statutory authorities and government companies in the budget, no job losses or service cuts and no new taxes were expected.[4]

IV. Economic conditions

A. General

23. The Cayman Islands has one of the highest standards of living in the Caribbean. The economy is based on tourism and offshore financial services. For the year 2007, the per capita GDP was estimated at CI$ 40,242. Indicators for the first half of 2008 suggest that the Cayman Islands economy was on a path to achieving a GDP growth of 1.5 per cent in 2008.[1]

24. Total imports for 2007 were CI$ 881.8 million,[1] while total imports during the first quarter of 2008 were CI$ 235.7 million.[11] Although imports outstrip exports by far, the trade gap is customarily offset by earnings from the tourism and financial services sectors.[12] Exports in 2007 amounted to CI$ 21.5 million. The visible trade deficit was therefore CI$ 860.3 million, slightly down from CI$ 867.8 million in 2006.[13] Inflation for 2008 was expected to reach 3.8 per cent, owing mainly to the price of food, utilities, oil, petroleum products and manufactured goods.[1]

25. The Cayman Islands' major trading partners are the United States of America, the United Kingdom and the States members of the Caribbean Community.

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[11] See the Economic and Statistics Office, Annual Economic Report for 2007, at www.eso.ky.

[12] See *The Economist Intelligence Unit*, Cayman Islands country profile, 2007.

[13] See The Cayman Islands' Foreign Trade Statistics Report 2007, published by the Economics and Statistics Office, at www.eso.ky, April 2008.

B. Agriculture, fisheries and the environment

26. According to information provided by the administering Power, agricultural activities, although limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past several years and the sector has slowly recovered following the devastation of Hurricane Ivan in 2004. Initiatives have included the upgrading of livestock (cattle and goats), the importation of mangos, avocados, bananas and plantains, and citrus fruits for replanting, the rehabilitation of pastures, repair of fences and the rehabilitation of orchards. Furthermore, the sector's efforts have been supported by the continued provision of subsidized agricultural inputs that have to be imported, namely livestock feed and fertilizer. However, successive hurricanes in 2007 (Hurricane Dean) and 2008 (Hurricanes Gustav and Paloma) have caused significant setbacks with crop production efforts with bananas and plantains, with growers being the hardest hit. Agriculture continues to constitute approximately 1.4 per cent of total GDP.[14] In October 2007, a new infestation of the harmful pink hibiscus mealy bug was reported. The Department of Agriculture initiated successful countermeasures in the infested areas.

27. The Department of Environment has created a Sustainable Development Unit, which is working on identifying and assessing the closely associated vulnerabilities of global climate change. The Enhancing Capacity for Adaptation to Climate Change project, which is managed within the Territory by a National Climate Change Adaptation Working Group, is making progress towards the development of a national climate change adaptation strategy. In respect to marine conservation, the Nassau Grouper Programme has attracted international recognition through its recent successes in protecting local spawning aggregations and, with the recent addition of the acoustic tagging larval recruitment and ocean drifter programmes, continues to make significant progress in identifying local and regional aspects of the important and threatened Caribbean species.

28. During 2008, the Cayman Islands and other Territories administered by the United Kingdom in the Caribbean, Anguilla, the British Virgin Islands, Montserrat and the Turks and Caicos Islands, agreed to work out a national strategy to help reduce the debilitating effects of climate change. The focus areas included climate change impact studies and vulnerability assessments, developing national and sector adaptation strategies, and support for public education, outreach and national project management. The exercise was carried out in conjunction with a CARICOM and European Union project elaborating strategies to counter climate change and biodiversity loss.[15]

29. In the context of the Overseas Territories Consultative Council meeting held on 28 and 29 October 2008, the territorial Government agreed to work together with the United Kingdom to address the potential impact of climate change and to promote sustainable environmental policies with additional support from the United Kingdom's Department for the Environment, Food and Rural Affairs.[16] The territorial Department of Environment is committed to developing a national climate change adaptation strategy in the context of the Enhancing Capacity for Adaptation

[14] See www.cia.gov/cia/publications/factbook/index.html.

[15] See www.dfid.gov.uk/pubs/files/departmental-report/2008/Chapter9.pdf.

[16] www.fco.gov.uk, accessed on 12 November 2008.

to Climate Change project,[17] which encourages a number of participating territories in the Caribbean to adapt to climate change and climate variability within the context of sustainable development.[18]

C. Tourism

30. The tourism sector accounts for approximately half of the GDP of the Cayman Islands and one third of employment in the Territory. Air arrivals rose by 5.2 per cent to a total of 274,729 visitors for the 11-month period from January to November 2008, compared with 261,248 visitors for the year ending December 2007.[19] Arrivals at 31 December 2008 project full recovery from the decline caused by Hurricane Ivan in 2004.[20] This recovery was achieved despite 2008 presenting an active hurricane season, including three hurricane threats resulting in tourist evacuations and ultimately causing major damage on one island following Hurricane Paloma's direct hit to Cayman Brac on 8 November 2008. It was anticipated that Cayman Brac would be closed to tourism for several months.

31. As at November 2008, the number of tourist cruise arrivals had decreased by 10.58 per cent to approximately 1.3 million for the 11-month period from January to November 2008, compared to approximately 1.5 million passengers for the year ended 31 December 2007. Cruise congestion (in the past in excess of 20,000 passengers per day), was addressed by the Port Authority of the Cayman Islands in December 2006 when a management plan was introduced to restrict the total number of passengers that can be facilitated at any given time.[21] As with air arrivals, weather played a major factor in cruise arrivals in 2008, resulting in a loss of business during 25 days of cruise calls and amounting to a loss of approximately 100,000 cruise passengers. The lack of berthing facilities also had an impact on arrival numbers as one major cruise line is consolidating cruise itineraries in preparation for the launch of its mega ship, the *Oasis*, which, with a capacity of 5,400 passengers, will be too large to call at tender ports. To mitigate against future loss of business from these two factors, the Cayman Islands Government has announced plans to establish berthing facilities which will enhance the operational threshold of the cruise port.

32. In March 2009, the Cayman Islands Government is due to formally table and launch the National Tourism Management Policy for the period 2009-2013.

33. The territorial Government has launched the Cayman Islands Environmental Project for the Tourism Sector, a private/public partnership aimed at dealing with the sector's environmental impact. Seven properties are involved in the pilot study, which was launched in February 2008. The compiling and submission of the Green Globe 21 benchmarking data for six of the properties will be completed in February

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[17] Caricom Climate Change Centre, "Climate Change Adaptation Projects in the Caribbean" at www.reunion2008.eu/pdf/presentation/EU%20and%20Overseas%20Entities%20Climate%20Change%20Conference%20La%20Reunion.pdf.

[18] Standard presentation on Enhancing Capacity for Adaptation to Climate Change in the Caribbean United Kingdom Overseas Territories, July 2008.

[19] At the time of the preparation of the present report, tourism statistics for December 2008 were not yet available.

[20] See Department of Tourism, www.caymanislands.ky/statistics, accessed on 6 January 2009. Pre-Hurricane Ivan numbers were 293,517 visitors in 2003.

[21] The policy allows a maximum of six ships or 15,000 passengers per day, whichever is greater.

2009[22] for the Queen Elizabeth II Botanic Park in March 2009. The Department of Tourism is also pursuing having the island of Little Cayman evaluated under the Green Globe destination programme in 2009.

34. While the United States remained by far the largest market for the Cayman Islands in the first quarter of 2008, representing some 75.5 per cent of all visitor arrivals, its growth of 6.6 per cent was weaker compared to the growth of arrivals from both Canada and Europe. These secondary markets continue to perform well, with Canada showing an increase of over 23.5 per cent and Europe showing an increase of 10.8 per cent, compared to the first quarter of 2007.[23]

D. Financial services

35. The financial sector is one of the main pillars of the Cayman Islands economy, and the Islands remain among the top international financial centres in the world.

36. According to The Cayman Islands Annual Economic Report 2007 published in July 2008 by the territorial Government's Economic and Statistics Office, the Cayman Islands financial services sector continued to perform well during 2007. Increases were seen in insurance company licences (3.4 per cent), mutual funds (15.7 per cent), stock exchange listings (42.7 per cent) and stock exchange capitalization (50.9 per cent), as well as new company registrations (16.0 per cent). The only exception was the bank and trust licences sector, which declined by 3.4 per cent, owing to continued consolidation within the banking industry. This generally positive trend continued in the first half of 2008. Hedge funds domiciled in the Cayman Islands have passed the 8,000 mark, representing approximately 80 per cent of the world's total offshore funds.[24]

37. With regard to the regulatory environment, the assessment of the Cayman Islands in the report "Managing risk in the Overseas Territories" prepared by the United Kingdom's National Audit Office and the "Third round mutual evaluation report of Cayman Islands" by the Caribbean Financial Action Task Force was generally seen as evidence of the territorial Government's commitment to strengthening anti-money-laundering legislation.[25] Following a visit of the Foreign Affairs Committee to the Cayman Islands in March 2008, a report issued on 7 July 2008 recommended that the Foreign Commonwealth Office encourage Bermuda, the British Virgin Islands, the Cayman Islands and Gibraltar to continue to make progress in improving financial regulation, in particular in arrangements for investigating money-laundering.[9]

E. Infrastructure, construction and transport

38. According to the Territory's third quarter economic report for 2008, building permits in the construction sector, bolstered by Government projects, amounted to

[22] The date for the property on Cayman Brac to complete its benchmarking data is unknown due to the property closing in November 2008 following Hurricane Paloma.

[23] Government of the Cayman Islands, budget address, April 2008.

[24] Information provided by the administering Power, 9 January 2008; and www.eso.ky.

[25] Information provided by the administering Power, 9 January 2008; National Audit Office, November 2007, at www.nao.org.uk; Caribbean Financial Action Task Force, December 2007, at www.cfatf.org.

CI$ 419.9 million in the first nine months of the year. This represented an increase of 24.3 per cent over the same period in the previous year, when building permit reached CI$ 337.9 million.

39. The Cabinet of the Cayman Islands approved the planning, preparation and implementation of a population and housing census for the Cayman Islands on 26 March 2008. The next population and housing census will be conducted in October 2010.[26]

40. The road network of the Cayman Islands, which has suffered extensive damage in recent years owing to the severe hurricane seasons, comprises approximately 785 kilometres of roadways. There has been considerable investment in the road networks to address this problem.

41. International air services are provided between Grand Cayman and Canada, Cuba, Europe, Honduras, Jamaica and the United States, through more than 100 flights per week, while domestic airline services and charters operate between the three islands. In 2008, Cayman Airways launched direct flights to Washington, D.C., and Chicago to complement its other North American services.[1] Additionally, in November 2008 Delta Air Lines announced flight service expansions between Atlanta and George Town.[27]

42. The port of George Town is the main gateway for cruise ships carrying tourists to the Cayman Islands. The islands are served by scheduled passenger liners and a number of locally owned or registered vessels that provide cargo services.

F. Telecommunications and utilities

43. As a leading international business centre, the Territory is dependent on telecommunications and utility services. According to the 2007 Annual Economic Report, the telecommunications sector had a strong performance during the fiscal year 2006/07. The total number of lines at the end of the year (122,167, representing 2.35 lines per resident) reflected an increase of 10.4 per cent. Furthermore, the consumption of utility services increased: water usage expanded by 6.0 per cent to 1,620.86 million gallons (from 1,529.52 million gallons in 2005/06), while electricity consumption rose by 21.65 per cent to 456.04 million kilowatt-hours. According to the 2007 Annual Economic Report the total number of fixed and mobile lines was 130,622, which reflected an increase of 6.9 per cent, representing 2.46 lines per resident. Electricity consumption increased by 12 per cent to 510.64 million kilowatt-hours and water usage expanded by 3.6 per cent to 1,679.99 million gallons.

[26] Economics and Statistics Office, 2010 population and housing census, at www.eso.ky, accessed on 28 July 2008.

[27] www.caribbeannetnews.com, 28 October 2008.

V. Social conditions

A. Human rights

44. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention on Human Rights. The Treaties and Conventions Unit within the Territory's Attorney General's Chambers oversees the extension of the international human rights instruments to the Cayman Islands.

45. The Cayman Islands Human Rights Committee has published a number of reports regarding individual human rights cases and provided advice to Government entities. During 2007/08, the focus of the Committee was on continuing the investigation of individual cases and human rights as part of the education syllabus.[28]

46. The territorial Government began to promote freedom of information legislation to govern public access to official records. On 21 June 2007, the Freedom of Information Steering Committee was established and a freedom of information law is expected to come into force in early 2009.[29]

47. In the Throne speech of April 2008 it was stated that the needs of the children and youth must not be neglected. It is seen as a challenge to be more active in areas affecting youth besides the existing initiatives such as the new Children's Law, the Youth Assembly and the treatment of juveniles in trouble.[30]

48. During her presentation at the Freedom of Information Workshop for Pacific Policy Makers held in Honiara, Solomon Islands, from 30 June to 2 July 2008, the representative from the Freedom of Information Unit of the Government of the Cayman Islands emphasized the value of public engagement throughout the entire process of developing and implementing freedom of information legislation.[31]

49. In its report issued on 7 July 2008, the Foreign Affairs Committee recommended that the territorial Government monitor the conditions of prisoners, illegal immigrants and migrant workers in the United Kingdom's overseas territories to ensure that rights are not being abused.[32]

50. In August 2008, stakeholders met in the Turks and Caicos Islands with the Caribbean human rights coordinator of a four-year project, carried out since 2007 by the Commonwealth Foundation, the Commonwealth Legal Education Association and the Commonwealth Human Rights Initiative. The project is funded by the United Kingdom's Department for International Development, and the Foreign and Commonwealth Office with the view to helping the United Kingdom's overseas Territories conform to international standards concerning human rights obligations and to developing action plans.[33] At the meeting, human rights capacity-building in

[28] Information provided by the administering Power, 9 January 2008; and www.humanrights.ky.

[29] Information provided by the administering Power, 9 January 2008; and *Caymanian Compass*, 2 September 2007, at www.caycompass.com.

[30] www.gov.ky, Throne speech, April 2008.

[31] *Pacific Magazine*, 2 July 2008.

[32] United Kingdom Parliament, House of Commons, Foreign Affairs Committee, www.publications.parliament.uk, 6 July 2008.

[33] www.caribbeannetnews.com, 19 August 2008.

the British Overseas Territories of the Caribbean, Pacific and South Atlantic project was discussed.[34]

51. In September 2008, in response to questions from the *Caymanian Compass*, the Cayman Islands Human Rights Committee reiterated its position that it did not advocate the "horizontal" application of human rights in the constitutional modernization process, but that it was an issue the Cayman Islands should address. A horizontal application would mean that an individual could seek enforcement of human rights provisions against individuals or private entities; and with a vertical application, an individual could only seek enforcement of human rights provisions against the Government. On 6 October 2008, the Committee issued a press release that the working draft bill of rights had broad consensus with the non-governmental organizations involved in the process, even if there was no total agreement.[35]

B. Labour and immigration

52. The Cayman Islands Labour Force Survey, 2007, indicates that the labour force of the Territory comprised 36,476 people in 2007, with 60.1 per cent Caymanians and 39.9 per cent non-Caymanians. The unemployment rate increased in 2007 to 3.8 per cent, compared with 2.6 per cent in 2006.[36]

53. The immigration law that took effect in 2004 limits foreign workers in the Territory to a stay of between six months and seven years, depending on the category of employment. The law affected a large portion of the Caymanian workforce, as more than half of private sector workers are work-permit holders. The number of work permits increased by 6.7 per cent, from 24,794 in the third quarter 2007 to 26,451 in the same quarter of 2008.[37]

54. Amendments revising the Cayman Islands immigration law have come into force, following the passage in December 2006 of the Immigration (Amendment) (No. 2) Bill, 2006 in the Legislative Assembly, as well as the Governor's assent to the Bill. The law includes, inter alia, the prerogative of the Chief Immigration Officer to grant Caymanian status to certain categories of applicants. This remains a much-discussed policy among expatriates.[13] The same year, the Governor announced that a review of the public sector would be carried out, following which term limits would be set as they are for the private sector.

C. Education and cultural affairs

55. Education is compulsory for all resident children between 4 years and 9 months, and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. Tuition is free for Caymanians at the public primary and high schools. In addition,

[34] www.caribbeannetnews.com, 20 August 2008.

[35] www.caycompass.com, 15 October 2008.

[36] See the Cayman Islands' foreign trade statistics, Quarterly Economic Report, third quarter 2007, Economics and Statistics Office, www.eso.ky.

[37] Quarterly Economic Report: first quarter 2008, www.eso.ky, 17 September 2008 at www.eso.ky.

private schools provide primary and/or secondary education. All private schools are monitored by the territorial Government.[38]

56. Two public and two private institutions provide tertiary education. The University College of the Cayman Islands, until 2004 known as the Community College, is owned by the territorial Government and is administered independently.[39] The University College has seen a large increase in its number of students and also houses the new Civil Service College, which opened in September 2007. The Cayman Islands Law School, affiliated with the University of Liverpool in the United Kingdom, is also Government-owned, whereas the International College of the Cayman Islands and the St. Matthew's University are private.[40]

57. In the 2007 Throne speech,[7] the Governor stated that key objectives for the coming year were the rebuilding of George Town High School and the commencement of construction of three new high schools around which learning communities would be designed. Similar models would be developed for Cayman Brac. A review of the national curriculum would be completed and new legislation would be drafted. In January 2008, an extensive review of the Cayman Islands national curriculum for schools was completed after a wide-ranging consultation. This is the second strategy of the Government's 10 strategies for reform, as outlined in the National Consensus on the Future of Education document.[38]

58. In April 2008, all teachers in primary schools were involved in collaborative planning within their learning communities as part of the International Baccalaureate initiative. The first six schools (North Side, Prospect, Savannah, John A. Cumber, George Town and Creek and Spot Bay) applied for candidate status, making them the first State schools in the Caribbean to have done so. In secondary schools, a range of new and exciting examination options were on offer to students, as well as some innovative ways of introducing extended learning opportunities at the George Hicks campus. As part of the overall national curriculum process, parents had trained on the new form of assessment, which is based on levels.[38]

59. In the territorial Government's annual budget statement, delivered in the Legislative Assembly on 30 April 2008, the Leader of Government Business indicated that challenges facing the Government's capital funding programme had necessitated the extension of the originally anticipated lead-times of construction projects. The three new secondary campuses, including the Beulah Smith Campus, would be completed by September 2010, when the facilities would be fully operational for the start of the 2010/11 academic term.

60. Moreover, work on new facilities for George Town primary school continues and it is expected to open its door to students in September 2010.

61. In his 2007 speech from the Throne, the Governor said that the Government continued to support the work of the Cayman National Cultural Foundation and the National Gallery of the Cayman Islands. Support was also provided to the National Museum, which continues to undergo renovations and aims to portray fully the impact of the diverse influences on the evolution of the Cayman Islands.

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[38] See www.brighterfutures.gov.ky.

[39] See the University College Cayman Islands website, at www.ucci.edu.ky.

[40] Information provided by the administering Power, 9 January 2008; www.icci.edu.ky; and www.stmatthews.edu.

D. Public health

62. The Health Services Authority is responsible for the provision of all public health care. In addition to general medical care, a wide range of specialist services is available locally. The Health Practitioners Board has responsibility for the registration of private practitioners. There is a one 124-bed Government-run hospital, which includes a state-of-the-art, fully staffed accident and emergency room, as well as a private 18-bed hospital, both in George Town. There is also an 18-bed Government-run hospital on Cayman Brac and there are several district health centres and clinics throughout the Territory. Health insurance is compulsory in the Cayman Islands.

63. The Territory's health-care system faces particular pricing challenges such as the cost of air ambulance services. Accordingly, the economic and financial viability of health services is a continuing concern.[41] In October 2006, the Health Services Authority launched a five-year plan aimed at improving the quality and efficiency of health care. Reviewing the plan in December 2007, the Health Services Authority stressed the continued need to improve the health-care sector's revenue situation.[42]

64. While dengue fever is not endemic in the Cayman Islands, there were 12 cases of dengue fever between October 2007 and February 2008 in the Territory, one of them fatal.[43]

65. At the occasion of World AIDS Day on 1 December 2008, the Minister of Heath spoke at a candle-light vigil in memory of Cayman's AIDS victims at John Gray Memorial Church. He urged community leaders to be at the forefront in coping with the HIV and AIDS pandemic. According to a media report there were 14 people living with AIDS in the Cayman Islands during this period.[44]

E. Crime and public safety

66. In September 2007, the police reported a year-to-year increase in crime, although levels of serious crime once again decreased compared to 2006.[45] The Leader of Government Business said in December 2007 that the Cayman Islands intended to upgrade its border protection, with additional boats and a new marine terminal.

67. The delivery of a police helicopter and interceptor boats was expected in 2008.[1]

68. Furthermore, regarding the matter of international financial crime, the Leader of Government Business said on the same occasion that the Territory had "a very strong compliance culture, which is underpinned by modern legislation and complies with international best practice". In that context, he also stressed the role of the Cayman Islands Monetary Authority in monitoring compliance with

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[41] See *Caymanian Compass*, 24 June 2007 and 7 January and 6 February 2008, at www.caycompass.com.

[42] Ibid., 16 January 2008, at www.caycompass.com.

[43] Ibid., 10 February 2008, at www.caycompass.com.

[44] www.caymannetnews.com.

[45] *Caymanian Compass*, 29 July 2008, at www.caycompass.com.

international financial standards in the Territory and reporting findings to the territorial Government on a regular basis.

F. Disaster preparedness

69. In 2004, Hurricane Ivan changed the way Cayman Government agencies prepare for natural disasters. In January 2007, the Government launched a new agency, Hazard Management Cayman Islands, to help residents prepare for and recover from a variety of disasters. According to the administering Power, the efficient and effective management by the Hazard Management Cayman Islands and other authorities during Hurricane Dean in August 2007 was testament to the amount of work that had been done in this area since Hurricane Ivan. Moreover, the Meteorological Office, the Lands and Survey Department and the National Hurricane Committee began to use a new storm surge model called the Arbiter of Storm. A maritime security exercise was carried out in October 2007 to test Cayman's response to non-natural disasters.

70. In November 2008, a category four Hurricane Paloma raked across the Islands. According to the National Hurricane Center in Miami winds sustained 135 miles per hour. Hurricane Paloma passed almost directly over Cayman Brac and Little Cayman, while the larger and more populated Grand Cayman Island to the west escaped the brunt of the storm. Most of Cayman Brac and Little Cayman's 2,000 residents and several tourists were evacuated or moved to shelters ahead of the storm. The Cayman Brac district commissioner stated that probably 90 to 95 per cent of homes and buildings had been damaged, trees flattened, utility poles downed and wires strewn across roads.[46]

71. Residents of the damaged islands will get financial relief from the private sector, which joined forces with the Government to provide monetary help.[47]

72. Moreover, the Caribbean Catastrophe Risk Insurance Facility, a Caribbean-wide "catastrophe insurance pool", was established by the World Bank and has acquired US$ 47 million in funds to assist the Caribbean, including the Cayman Islands, in the event of a hurricane or earthquake.[48]

VI. Relations with international organizations and partners

73. The Cayman Islands Government Representative in the United Kingdom, Jennifer Dilbert, led a six-day visit of five members of the Cayman Islands All Party Parliamentary Group to Grand Cayman at the end of July 2008. The purpose of the visit was to familiarize the delegation, and through them the Group as a whole, with as many aspects of the Cayman Islands as possible. The programme included visits to the sister islands, with the group also making a number of other stops, including the Eastern Districts and the Turtle Farm and holding numerous meetings with representatives from a number of sectors. The delegation head, a Labour member of

[46] www.caribbeannetnews.com, 10 November 2008.

[47] www.caymannetnews.com, 14 November 2008.

[48] See World Bank, 26 February 2007, at www.worldbank.org.

Parliament, stated that the trip had given the opportunity to discuss a variety of issues, including the White List, tourism and development, and policing.[49]

74. As a result of a request by the Government of the United Kingdom the Economic Commission for Latin America and the Caribbean, by its resolution 640 (XXXII), decided to admit the Cayman Islands as an associate member of the Commission.[50]

75. The Cayman Islands is an associate member of the United Nations Educational, Scientific and Cultural Organization and a member of the Universal Postal Union. The Territory is an associate member of the Caribbean Community and a member of the Caribbean Development Bank and the International Olympic Committee.

76. As a Non-Self-Governing Territory of the United Kingdom, the Cayman Islands is associated with, but not a part of, the European Union. As a member of the Caribbean Forum of African, Caribbean and Pacific States, the Cayman Islands agreed in December 2007 with the European Union on an Economic Partnership Agreement.[51]

77. In the context of the Overseas Territories Consultative Council meeting held on 28 and 29 October 2008, the territorial Government agreed upon the target date of October 2009 for the extension to the Territory of the International Labour Organization Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour and of the Convention on the Elimination of All Forms of Discrimination against Women, and to consider the options available to meet international obligations on sexual orientation.[52]

VII. Future status of the Territory

A. Position of the territorial Government

78. Developments concerning the Territory's constitutional reform efforts are referred to in section II above.

B. Position of the administering Power

79. In a statement made on 6 October 2008 before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-third session of the General Assembly, the representative of the United Kingdom said, inter alia, that her Government's relationship with its Overseas Territories was based on partnership, shared values and the right of each Territory to determine if it wished to retain its link to the United Kingdom, where applicable. Her Government had no intention of imposing independence against their will (see A/C.4/63/SR.2; paras. 35-37).

80. She referred to various constitutional review processes that had been undertaken, aimed at providing a modern constitutional framework to reflect the

[49] www.caycompass.com, 30 July 2008.

[50] See www.eclac.org/pses32/noticias/paginas/5/33375/2008-435-SES32-Resolutions.pdf.

[51] See BBC Caribbean, 2 January 2008, at www.bbc.co.uk/caribbean.

[52] www.fco.gv.uk, entered 12 November 2008.

specific circumstances of each Territory. Provisions relating to good governance, human rights and the roles of the Governor and locally elected politicians had been updated. She stated that her Government focused its support for the Territories on capacity-building and sustainable development, and indicated that the United Kingdom continued to work with the Territories, as appropriate, in areas such as political and economic transparency, security, reduction of vulnerability to natural and non-natural disasters and environmental management.

81. In a paper dated 8 May 2008, sent to the Chairmen of the Special Committee for circulation at the Pacific regional seminar on decolonization held at Bandung later that month, the United Kingdom similarly set out its position,[53] as based on the 1999 White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories".[9] The paper also addressed the status of various constitutional review processes undertaken in the framework of that White Paper.

C. Action taken by the General Assembly

82. On 5 December 2008, the General Assembly adopted, without a vote, resolutions 63/108 A and B, based on the report of the Special Committee transmitted to the General Assembly[54] and its subsequent consideration by the Fourth Committee (A/63/408). Section V of resolution 63/108 B concerns the Cayman Islands, the operative paragraphs of which read:

> "*The General Assembly*,
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> ...
>
> "1. *Welcomes* the publication by the territorial Government of a consultation paper in January 2008 setting out a number of proposals for constitutional reform, with a view to holding a referendum on those proposals, or revised proposals, later in the year;
>
> "2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public awareness outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations and, in that regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;
>
> "3. *Welcomes* the efforts made by the territorial Government to address cost-of-living issues in various economic sectors."

[53] The full statement can be found at: www.un.org/depts/dpi/decolonization/regional_seminars_statements_08/united_kingdom.pdf.

[54] *Official Records of the General Assembly, Sixty-third Session, Supplement No. 23* (A/63/23).